

SENATE BILL REPORT

SB 5284

As of January 30, 2015

Title: An act relating to fantasy sports contests.

Brief Description: Classifying fantasy sports contests as contests of skill.

Sponsors: Senators Roach, Fain, Hatfield and Mullet.

Brief History:

Committee Activity: Commerce & Labor: 1/30/15.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Susan Jones (786-7404)

Background: Washington regulates wagering and lottery activities under various statutes, including the Gambling Act. Several criminal statutes address illegal gambling. Under the Gambling Act, gambling means staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. There are exceptions.

The federal Unlawful Internet Gambling Enforcement Act regulates online gambling and prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the Internet and that is unlawful under any federal or state law. Under the federal act, the term bet or wager excludes fantasy competition meeting certain conditions.

Summary of Bill: Fantasy competitions are considered games of skill and not gambling for purposes of the Gambling Act. Fantasy competitions are any fantasy or simulated sports game or educational game or contest that involves a fantasy team not based on the current membership of an actual team that is a member of an amateur or professional sports organization and that meets the following conditions:

- all prizes offered to winners are known in advance of the game and the value of the prizes is not determined by the number of participants or the amount of any fees paid by participants;

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- all winning outcomes reflect the participant's relative knowledge and skill and are determined mostly by accumulated statistical results of the individuals' performance in multiple real world sporting or other events; and
- a winning outcome is not based (1) on the score, point spread, or performance of any single real world team or any combination of teams; or (2) solely on any single performance of an individual athlete in any single real world sporting or other event.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Many people participate in fantasy football, usually groups of friends, where it involves a game of skill. Once a participant's team is chosen, the participant watches the team all year long. This is opposed to daily games that are more like a game of chance and gambling. This bill is not about expanding gambling. This is a fun way to participate. We need to have sideboards so that this is not an expansion of gambling. Washington is one of five states that do not allow fantasy games. Forty-four or 45 allow fantasy sports. Many Washingtonians participate. There is a lot of skill involved. There are magazines on fantasy sports and updates are shown on the jumbotron at sporting events. Daily contests league all the same choices as a game of skill, choosing players, checking weather updates, etc, each week. No state draws a distinction between daily and season-long fantasy teams. Why would Washington want to be the first to restrict daily fantasy competitions?

OTHER: There may need to be a registration or fee because the Gambling Commission is not a general fund agency and is funded by license fees. The general public will be participating. The federal government defines fantasy competition as a game of skill. Federal law and 45 states allow daily competitions. Daily fantasy sports is approaching a \$1 billion dollars in entry fees and there is no regulation. Players should be protected and minors should not be allowed to participate.

Persons Testifying: PRO: Senator Roach, prime sponsor; Noah Reandean, Fantasy Sports Trade Assn.

OTHER: Chris Stearns, David Trujillo, Amy Hunter, WA State Gambling Commission.